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11 July 1958

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

USSR: Various Soviet field-grade army officers are said to be stating openly that Molotov was right on the Yugoslav question and that Khrushchev, because he humbled himself before Tito, had damaged the international authority of the USSR. These officers also blame Khrushchev for the increase in revisionism in the satellites, pointing out that his censure of Stalin and continuing dissension in the party presidium have undermined Soviet authority. The political atmosphere in Moscow has been described by the Yugoslav ambassador as one in which Khrushchev has gained in power but lost in authority. [REDACTED]

Hungary: A crisis may be developing in the Hungarian Communist party affecting the already shaky position of Kadar, whose usefulness to Moscow has suffered as a result of Nagy's execution. The sudden, substantial increase of retrials of "counterrevolutionaries" since the Nagy execution, despite Kadar's assurances that these trials were at an end, suggests [REDACTED]

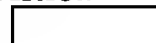
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that he may be under extreme pressure from the Stalinist wing of the party. Kadar, the only satellite party first secretary attending the party congress in East Berlin, may be there to confer on this situation with Khrushchev. 

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II. ASIA-AFRICA

Watch Committee conclusion--Middle East: No political or military solution to the Lebanese crisis is in sight. 

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 Rebel military activity has been opposed by stronger army actions than previously. However,

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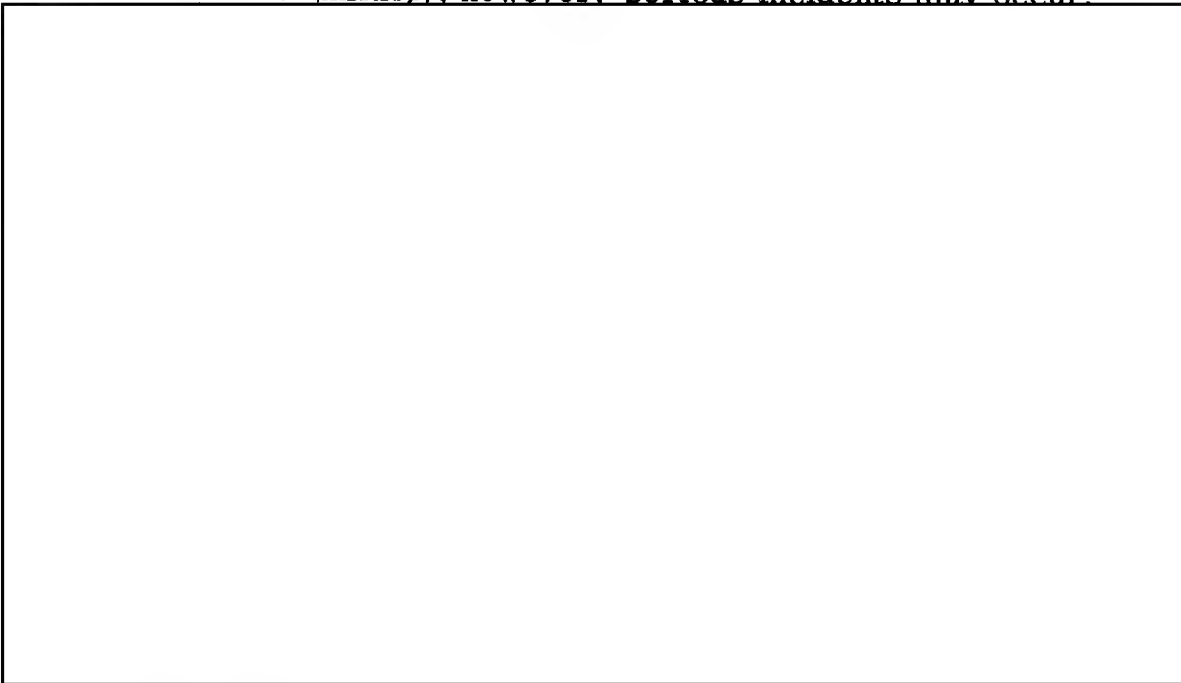

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the rebels remain capable of challenging governmental authority in many areas. If current political efforts fail to achieve an acceptable solution and fighting intensifies, Chammoun will probably call for more extensive UN assistance or may request intervention by Western or friendly neighboring governments under provisions of Article 51 of the UN Charter.

There is no evidence of Soviet bloc, UAR, or Israeli intention to intervene with regular military forces.

25X1 Elsewhere in the Middle East a deliberate initiation of hostilities is unlikely; however, serious incidents may occur.

Morocco: The Moroccan Government may soon officially press the United States for a declaration that the US is willing in principle to evacuate the American air bases in Morocco.

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Morocco probably desires such a declaration as a means of

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25X1 25X1 increasing pressure on France for evacuation of its forces. [REDACTED]

[REDACTED]

III. THE WEST

West Germany: Encouraged by his success in the North Rhine - Westphalian election, Adenauer intends to take a "positive position" on summit policy, re-emphasizing Bonn's pre-requisites of free elections and freedom of alliances for German reunification. Adenauer will seek to equip German forces with nuclear weapons and will reject any European security schemes which would place Germany in a weaker military posture than other nations. However, he will continue to give priority to disarmament and will take a "soft" position regarding a limited East-West agreement--for example, on such questions as the separation of the nuclear test issue from general disarmament. [REDACTED]

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Central America: Dr. Milton Eisenhower will probably encounter manifestations of anti-US feeling during his three-week trip to Central America which begins on 12 July in Panama. In each country, the domestic situation is such that embarrassing incidents beyond the control of the government could occur. Major demonstrations could occur in Panama and Guatemala. [REDACTED]

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I. THE COMMUNIST BLOC

Soviet Army Officers Criticize Khrushchev's Policies

Various Soviet field grade army officers are saying openly that Molotov was right on the Yugoslav question, [REDACTED]

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[REDACTED] They say that Khrushchev, by humbling himself before Tito, damaged the international authority of the USSR. The officers also complain that, in order to restore friendship between the two countries, the USSR made up the losses suffered by Yugoslavia through the rupture of the trade agreements in 1949, canceled Yugoslavia's debts, and extended credits, all at the expense of the Soviet people.

The officers blame Khrushchev for the intensification of revisionism in a number of Communist parties. They believe that the authority achieved by the Soviet party during World War II was undermined by Khrushchev's censure of Stalin. They also feel that the system of collective leadership extolled by Khrushchev did not prove sound and led to dissension in the party presidium, which contributed to undermining the international authority of the Soviet Communist party.

There is no reliable gauge of the extent to which this criticism is capable of affecting Khrushchev's political position. His attacks on the opposition policies of the "antiparty group" and his general defense of his methods of leadership in a recent Sofia speech suggest, however, that he is aware of and sensitive to disagreements with his policies at various levels. [REDACTED]

[REDACTED]

[REDACTED]

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Hungarian Leadership Crisis Possible

Events in Hungary since the 16 June announcement of the execution of Imre Nagy stand in sharp contrast to party First Secretary Janos Kadar's statements expounding his moderate policies. This suggests that a crisis may be developing in the faction-torn Hungarian party.

Despite Kadar's recent assurance that the Nagy trial and execution closed the book on the 1956 revolt, ~~the American~~ *there has been a considerable* Legation in Budapest reports a sudden, "substantial increase of at least 105" in the number of retrials of "counterrevolutionaries" to be held between 7 and 16 July. One of those scheduled for retrial this month is Gyula Obersovszky, a young intellectual whose sentence was commuted from death to life imprisonment last summer in response to stern Western reaction.

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Several of the remaining members of Nagy's group including Mrs. Julia Rajk, widow of Hungary's executed and then rehabilitated "Titoist," may also have been tried, although a Hungarian government spokesman has denied that she was executed. If Mrs. Rajk has actually been tried, Kadar, who has already been compromised by his association with Nagy, may be in trouble. He was released from prison and readmitted into the party leadership in connection with her husband's rehabilitation, and participated with her in the 1956 ceremony in Budapest in honor of Rajk.

Kadar is the only satellite party leader attending the East German party congress and may be there to confer with Khrushchev about the situation in the Hungarian party. Since Kadar and Khrushchev met in April and May, only a matter of great importance for Hungary would seem to demand a meeting at this time.

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Morocco May Press for American Declaration on
Evacuation of Bases

The Moroccan Government may soon officially ask the United States to declare its willingness in principle to evacuate American air bases in Morocco before proceeding further with base negotiations, which commenced in May 1957. Morocco is pressing for a similar declaration from the French Government before proceeding with the negotiations on withdrawal of French ground forces and the continued French use of air and naval training facilities in Morocco.

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The current anti-Americanism in Morocco, which is being encouraged by the Istiqlal party press, may stem from an effort by left-wing party elements to induce the government to demand an American statement on evacuation. The popular outcry following a routine change in command at the American air base at Nouasseur caused the Foreign Ministry to insist that Rabat should have been consulted in advance and, in effect, to reject explanations made by the American Embassy.

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III. THE WEST

Adenauer's Future Policies

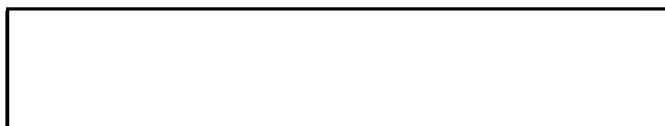
Chancellor Adenauer feels that his 6 July election victory in North Rhine - Westphalia enables his government to take a strong stand on major policy questions, according to West Germany's ambassador to NATO, Herbert Blankenhorn. He intends to continue equipping German forces with nuclear weapons, but rejects European security proposals now being evolved in NATO as "meaningless and unrealistic, and unacceptable at any price," because they discriminate against Germany by subjecting it to arms limitations not applicable to Europe as a whole.

With respect to disarmament, Adenauer will take a "soft" position on concluding a limited East-West agreement, possibly supporting a broad plan to prevent surprise attacks. Adenauer regards this subject as coming under the heading of disarmament rather than European security. He also does not object to the Soviet proposal to separate a nuclear test agreement from the general disarmament package.

According to Blankenhorn, Defense Minister Strauss' visit to Paris on 9 July to discuss joint armament plans was helpful, but Adenauer is reluctant to go to Paris to meet De Gaulle now. Strauss has denied reports in the German press that De Gaulle offered him participation in the French nuclear weapons program. Blankenhorn also stated that Bonn desires to help De Gaulle in "every way," but is still apprehensive about certain fascist elements in France which are supporting him.



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Anti-US Demonstrations Probable During Dr. Eisenhower's
Central American Trip

Dr. Milton Eisenhower will probably encounter some manifestations of anti-US feeling during his three-week trip which begins in Panama on 12 July and continues through the five Central American republics. In each country, the domestic situation is such that embarrassing incidents could occur. Major demonstrations are possible in Panama and Guatemala. The Communists in Costa Rica, El Salvador, and Guatemala are capable of fomenting disturbances.

In Panama, the national guard had difficulty suppressing serious riots last May, and political tension is again building up. President de la Guardia's opponents are playing up the canal issue in an attempt to undermine him, and further outbreaks could occur at any time. The US is being accused of complicity in the deaths of the nine Panamanians killed during the May riots because the national guard was supplied with antiriot equipment from the Canal Zone.

In Costa Rica, El Salvador, and Nicaragua political conditions are relatively stable, but the small well-disciplined Communist parties in the first two have been reported planning demonstrations during the visit, and the embassy in Costa Rica doubts police ability to control any sizable disturbances. In Nicaragua, the opposition accuses the US of supporting the late dictator Somoza and his sons who now run the country. In Honduras, negotiations are going badly between the United Fruit Company and unions on a new labor contract to replace the one expiring 15 July. A strike is a distinct possibility and, in view of the generally adverse Honduran feeling toward the American company, might result in anti-US incidents at about the time of the Eisenhower visit.

In Guatemala, where Communists continue to exploit strong anti-US sentiments among student, labor, and other groups, an American labor observer warns that the Communists "are laying for Dr. Eisenhower." Security forces are probably incapable of controlling a sudden outbreak.

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